

*August  
1st.*

Considerable uneasiness beset the discount houses respecting the extent to which they might be aided with loans and purchases of bills by the banks. Were the ready and reasonable discounting of mercantile bills and the grant of advances hindered, trading would collapse and the whole commercial activity of the country—upon which our position and prospects at this fateful period depended—would be irretrievably thrown out of gear.

The Bank of England advanced the official minimum for discount from 8 per cent to 10 per cent (thus agreeing with the final actual charge required on the previous day), and concurrently relieved the anxiety of the discount brokers by announcing that it would assist the Money Market as usual.

*August  
2nd.*

Sunday here happily intervened, and afforded a further opportunity for quiet appreciation of the situation and the restoration of calmness of judgment.

*August  
3rd.*

This was a Bank Holiday and helped to confirm the recovery from excited nervousness. But the recent experiences and their possible sequences furnished anxious thought for the Government in the maintenance of our commerce and the involved stability of our future action and preservation. In this universal dislocation and practical cessation of the mechanism of the exchanges—for it prevailed everywhere—in this abolition of the customary mode's of remittance to London in settlement of debts due to this country—how would the "Accepting houses," as they are termed, be able to sustain their vital assistance in our continuous Import trade upon which our food supplies were materially contingent And this question became the more imperious when we reflected upon the possibilities involved in the development of the war, of vessels being prevented from entering our ports with cargoes of wheat and grains. In order that we may fully realise the significance of the official measures